

Governance and the Tough Decisions

September 2011

Andres Consulting Inc.
Partnering with Canada's Credit Unions

CUMA CONFERENCE 2011



Objectives

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We will discuss:

- As a group we will identify the key trends that are impacting Ontario Credit Unions
- What are the challenges that we face for long-term sustainability?
- Are we well prepared to make the tough decisions?
- Do we have the governance environment that we need to support those decisions?
- How do we ensure that our governance is aligned with the future needs of our credit unions?

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Raison D'être

What is our reason for existing?

- 60 years ago, we were created by members to meet the needs of members
- Historically we were credit focused "members helping members"
- Today our value is more difficult to define:
 - How do we define "value" for members?
 - How do we know if we are creating value?
 - What are our lag indicators to confirm value creation?

Membership Evolution

Do tomorrow's members look and act the same as the people who founded us 60 years ago?

Member Value

What does the creation of member value look like at your credit union?

What does the creation of member value look like for the Ontario credit union system?

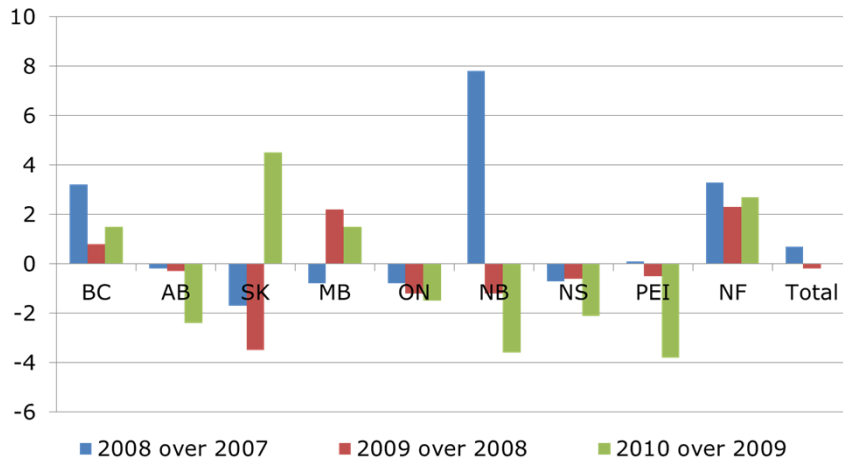
Does the creation of member value look like:

- Growth in primary relationships?
- New membership growth through referral?
- Other?



Growth Trends: % Membership

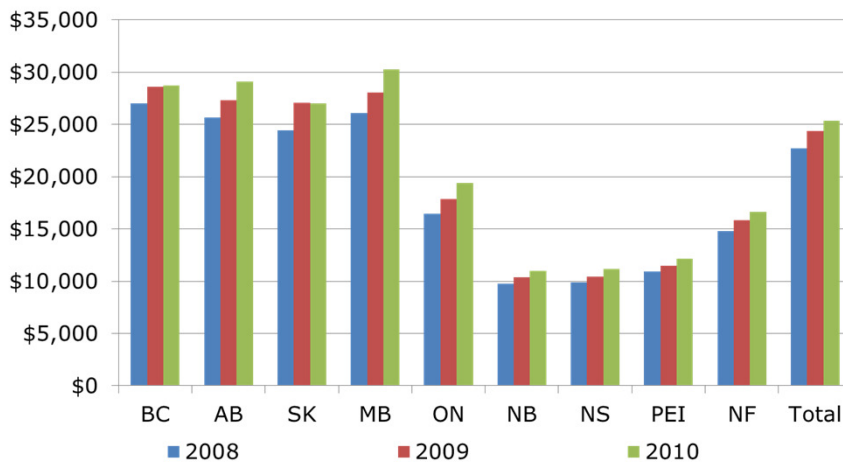
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Assets Per Member

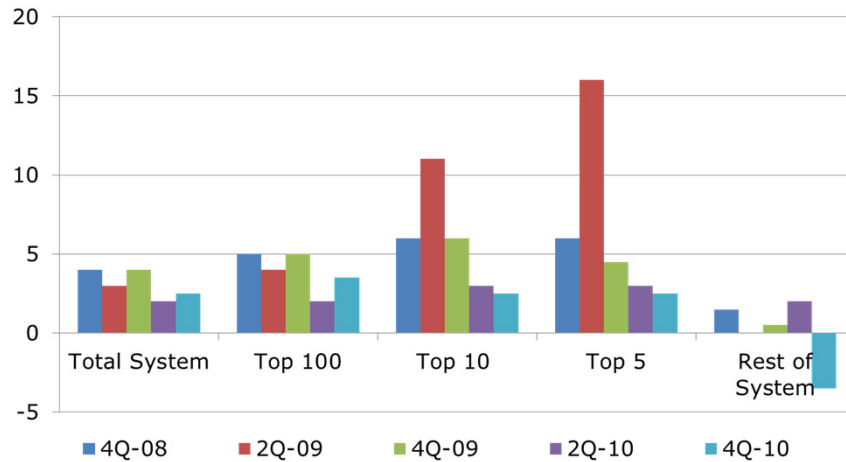
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Growth Trends: % Assets

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Historical Trends

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	Mid-1990s	Early 2000s	Mid-2000s	2010 and Beyond
The Customer Need Fulfilled	Basic Banking	Personal Service	Lifestyle Expansion	Transparent and Financial Control
What Banks Offered	Fulfillment – error free execution	Full-Service Banking – a “supermarket” of offers	Immediate and Unencumbered – access to cash and credit	Information and Recommendations – services to enable confident customer decision-making
Primary Strategic Investments	Channel Management – rationalize distribution costs M&As – close down branches and consolidate business	Expansion of Value Proposition – launch new products, services and channels Customer Experience – drive to delight	Sales Optimization – offered anytime, anywhere access to the bank Mass Customization – take CRM to the next level with opportunity targeting	Balance Sheet Management – help customers manage their personal balance sheets Information Capture – mine digitized flow of transactions for information and behaviors
Revenue Drivers	“Buy” new customers	Cross-sell to existing customers	Source new customers	Manage the development of customer relationships
The Metric that Matters	Efficiency Ratio	“top Box” Satisfaction	Sales Volumes	Financial Goal Achievement

Primary Trends?

What are the primary trends impacting us today?

1. Impacting us at the system level?
2. Impacting us at the local level?

5 Minutes of
Table Talk

Five Years From Today

Based on what we know today, what do we need to look like in 5 years time?

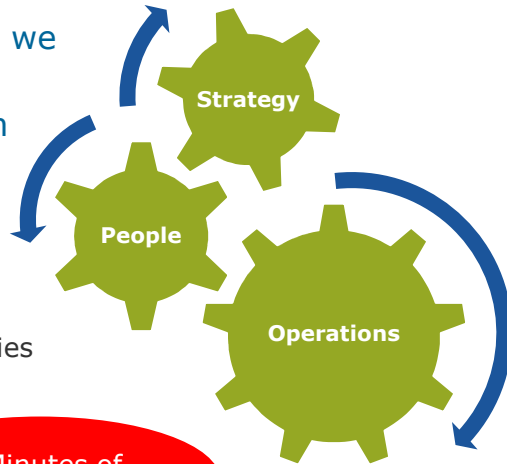
1. What does our system need to look like?
2. How will our member relationships be different than they are today?

5 Minutes of
Table Talk

Five Years From Today

What strategies should we consider to move us to where we need to be in five years?

1. How will our operations need to change?
2. How will the competencies of our people need to change?



5 Minutes of Table Talk

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Role of Governance



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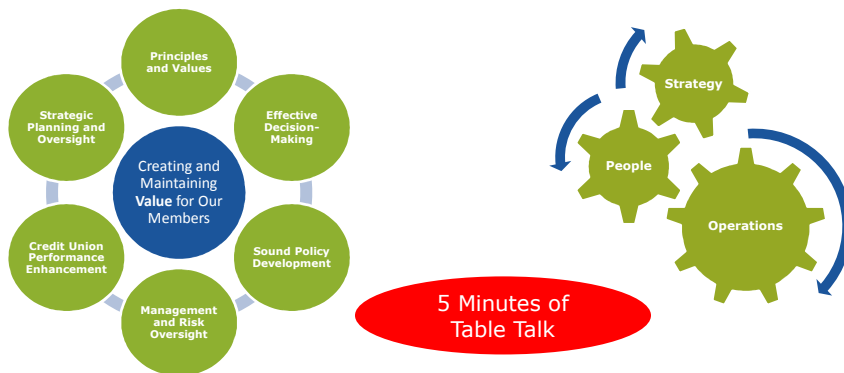
Role of Governance



Do our Boards have the knowledge and insights that are necessary for them to understand the imperative of change?

They may have the data and the information ... however, do they have the knowledge and insights?

Governance Alignment



As Managers and System Leaders, what can we do to enhance governance support for the evolution/change that we need for long-term sustainability?

Tough Decisions

Sometimes we just need a little inspiration ...

Questions?

Thank-You!

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